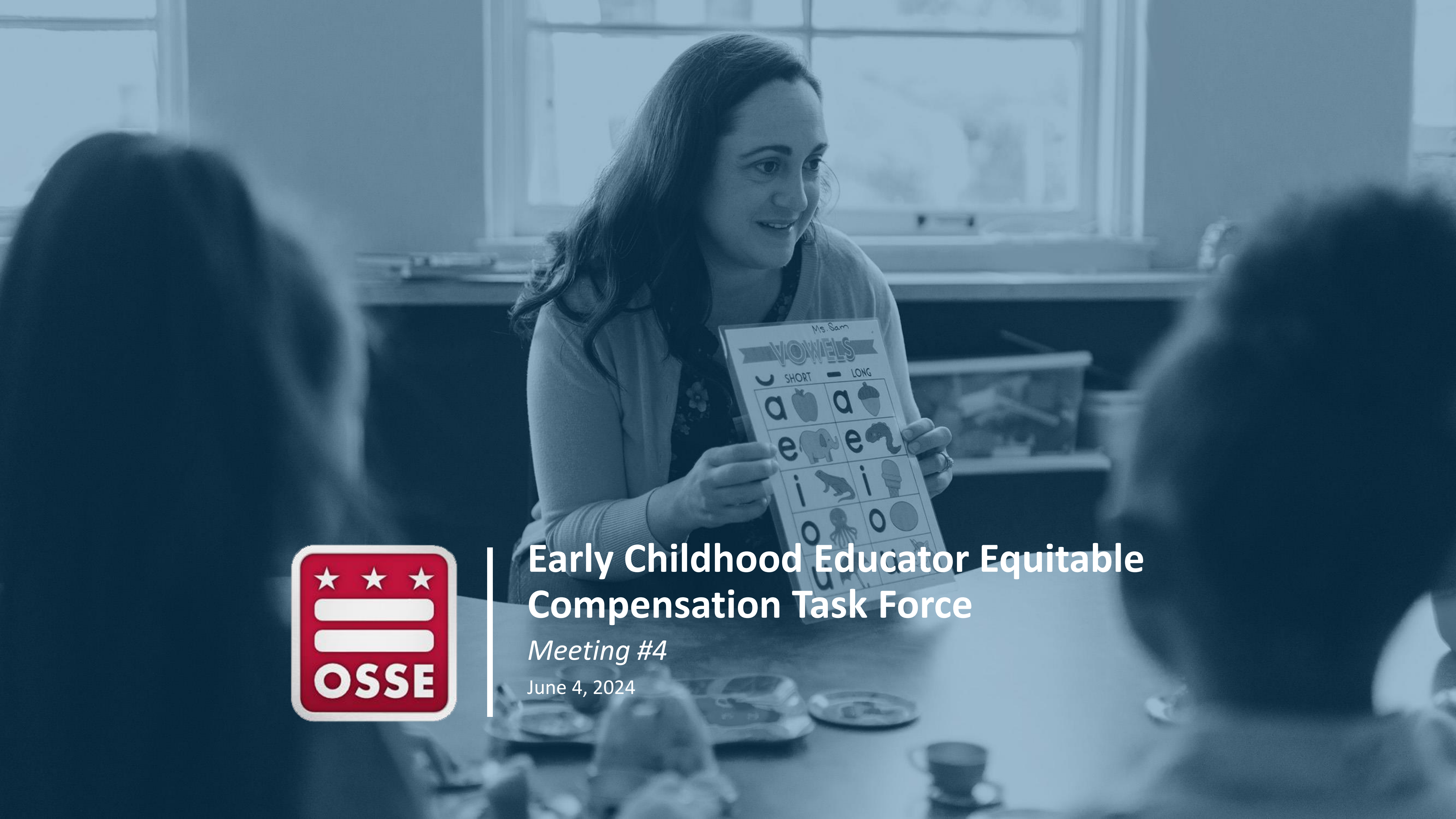

Early Childhood Educator Equitable Compensation Task Force

Meeting #4

June 4, 2024

Tonight's Agenda

- Welcome
- Budget update – and implications for Task Force charge and timeline
- Newly introduced factors regarding pay scale
- Anchoring on a shared aspiration to guide our work
- Promising elements to consider for equity adjustment
- Closing and next steps

Task Force Core Charge

At the request of the DC Council, the Office of the State Superintendent of Education (OSSE) has reconvened the Task Force to help inform future implementation of the Early Childhood Educator Pay Equity Fund. To that end, the **Task Force will**:

- Reflect on implementation to date, **lessons** learned, and **opportunities for refinement or improvement** in the program's design.
- Consider questions related to the **long-term sustainability** of the Early Childhood Educator Pay Equity Fund – both for DC Government and for participating child care providers – for fiscal year 2026 (FY26) and beyond.
- Develop **recommendations** for addressing the **key identified areas for improvement**, along with the **financial sustainability** challenges.
- **Prioritize** our recommendations to guide future implementers.

OSSE

FY25 Budget update – and implications for the Task Force

Update on FY25 Budget and implications for Task Force

The Council had its first of two votes on the budget, giving initial approval to a budget that **restores the Pay Equity Fund to $70 million** annually, **including $12 million** to the Health Benefits Exchange to support **HealthCare4ChildCare** (HC4CC).

- The Budget Support Act (BSA) directs the Early Childhood Educator Equitable Compensation Task Force to "**submit a report to the Mayor and the Council by Sept. 3, 2024** that recommends changes to the pay equity program, proposes a new compensation scale, and provides recommendations for the allocation of monies available in the PEF."
- The BSA also **limits PEF eligibility to educators with at least a CDA** and includes updated language regarding **how the PEF compensation scale should consider public school teacher salaries**.

Timeline for the Task Force’s Work

Task Force Meetings	March 12: Kick-off meeting	**Potential “retreat” in July or August**	Monthly TF meetings through February 2025
Public Engagement and Input	Public Round Table #1: May 11	Ongoing stakeholder engagement via TF members and written submissions	**Public Round Table #2 (target for August?)**
Research and Analysis	Review and define the key issues, existing obstacles and opportunities	Identify and refine potential solutions	Establish priorities to guide future resource-dependent decisions
Deliverables	Define key areas of focus for the TF's work and questions it will address	**September 2024: Report to Mayor & Council with short-term recommendations**	February 2025: Final recommendations

Educators with less than a CDA

From BSA:

“In Fiscal Year 2025, limit CDF payroll formula payments to 4,100 lead and assistant teachers who have obtained a Child Development Associate (CDA) credential, associate, bachelor’s or higher level of education.”

Implication for Task Force and PEF:

Currently, the PEF salary minimums require employers to pay assistant teachers who have not earned a CDA at a rate approximately 23 percent above minimum wage. This language would limit eligibility for PEF to those educators who have earned at least a CDA: the minimum requirement for any early educator.

This year, the PEF is on track to distribute $2.6 million for assistant teachers with less than a CDA. Eliminating this minimum salary requirement would not only reduce cost for the PEF, it would also relieve cost pressure for many CDFs. It would also likely incentivize CDA completion.

Parity with DC Public Schools teacher salaries

From BSA:

Directs the Task Force to propose “a new compensation scale, which takes into account the compensation and benefits of individuals employed by the District of Columbia Public Schools (DCPS) and District public charter schools who teach pre-kindergarten and kindergarten.”

Implication for Task Force and PEF:

This moves away from the previous expectation linking PEF salaries explicitly to DCPS, broadening the comparison group to the full set of local education agencies (LEAs) serving pre-K and kindergarten.

Starting teacher salaries vary across DC's 43 public school LEAs serving pre-K and kindergarten (data for current school year)

The **PEF minimum salary for bachelor's degree (BA) lead teachers** is equivalent to the 12-month starting salary for DCPS BA Teachers: **$75,103**.

Across the 43 LEAs serving pre-K/kindergarten:

- Minimum salaries **range** from **$54,965** to **$83,917**
- The **median** is **$73,998**
- The **mean** is **$72,466**

In DCPS's case the scale is based on a collective bargaining agreement (CBA) negotiated with the Washington Teachers Union. A couple of charter LEAs also have CBAs negotiated with a union, but most establish their pay policies through whatever internal processes the leadership chooses. All LEAs are required to share publicly their minimum teacher salaries.

NOTE: For comparison purposes, the public charter LEA salaries have been adjusted to 12 months.

Anchoring on a shared aspiration

Potential priority goal (and tradeoffs)

Given the parameters that the Council has provisionally named (including our shortened timeline), it will be helpful for the Task Force to agree on a priority goal to anchor our discussions regarding revising the pay scale and funding formula. To that end, here is a proposed anchor for consideration of the Task Force:

- **We will prioritize maintaining the current minimum salaries, to the extent feasible with available resources, for all participants in the PEF with at least a CDA.**

While there are no guarantees we can achieve this, agreeing on a shared aspiration will help us to weigh the issues in a more focused way in the coming couple of months.

If further modeling indicates that maintaining current minimum salaries for all participants in the PEF with at least a CDA is not feasible, we will revisit options for adjusting salaries with the Task Force at that time but will maintain this as a guiding priority.

Potential priority goal (and tradeoffs)

In weighing that potential stake in the ground, it is important to acknowledge likely tradeoffs. This goal, for example, might be achieved at the expense of expanding participation in the PEF, or of any significant expansion of HC4CC. In addition, stakeholders have raised additional priorities for the PEF moving forward that would compete with that priority goal, most notably:

- **Including directors [and others] among roles eligible for PEF minimum salaries.** As anticipated, the increase in teacher salaries has made it more difficult for programs to competitively compensate directors and other administrators.
- **Incorporating experience as a required factor in minimum salaries.** While facilities are free to pay more than the minimums to recognize experience or otherwise differentiate pay, it will be hard to do so for most facilities without additional funds.

Potential priority goal to guide TF approach

Proposed anchor, for consideration of the Task Force:

We will prioritize maintaining the current minimum salaries, to the extent feasible with available resources, for all participants in the PEF with at least a CDA.

For Discussion:

Does this priority goal adequately reflect the guiding principles of the Task Force?

If so, does it make sense as an anchor for our discussions regarding revising the formula for FY25?

Task Force Guiding Principles

- Bring our expertise to the table – including lived experience. Genuinely consider alternative perspectives and approaches.
- Build on work to date. Where possible, ground our analysis in data.
- Serve as conduits for stakeholder groups – in both directions.
- Advocate for all early educators within our diverse delivery model.
- Center those furthest from opportunity and disrupt systemic inequities.
- Share the implementation hat. Consider unintended consequences.

These principles were adopted by the Task Force in October 2021 and reaffirmed in March 2024

Identifying opportunities for more equitable and efficient allocation of PEF dollars

The major cost drivers must be balanced with the design of the funding formula to optimize equity and efficiency – and support overall financial sustainability

Cost Drivers	Formula Design
Eligibility & participation of CDFs and staff	Adjustments based on CDF characteristics to promote equity
Credential levels	Adjustment based on educator characteristics
Salary scale	Allocation based on eligible educators

Child Development Facility (CDF) Payroll Funding Formula FY24

- The CDF payroll funding formula is used by OSSE to calculate the amount of funds a facility receives from the Early Childhood Educator Pay Equity Fund.
- Looking ahead we want to adjust the formula to better reflect need from an equity perspective, based on what we have learned thus far.

Base Award

Difference between current salaries and minimum salaries by role and credential

+

Administrative Enhancement

15 percent of the base award

+

Equity Adjustment

Up to 60 percent of the base award determined by subsidy enrollment as share of licensed capacity

+

FY24 Supplement

30 percent of the sum of the base award, administrative enhancement and equity adjustment

=

CDF payroll funding formula award

Approach to refining Payroll Funding Formula
CONCEPTUAL AND VERY ROUGH DRAFT

Looking ahead we want to adjust the formula to better reflect need from an equity perspective and more efficiently target resources based on what we have learned thus far.

- Incorporate the administrative enhancement into the base award and account for part-time.
- Eliminate the FY24 supplement and redistribute those resources in a more targeted way.

Base Award	+	**Administrative Enhancement**	+	**Equity Adjustment**	+	**FY24 Supplement**	=	**CDF payroll funding formula award**
Account for part-time staff Include administrative enhancement		15 percent of the base award		Incorporate additional plus and minus factors to better target funds		30 percent of the sum of the base award, administrative enhancement and equity adjustment		

Drawing on what we know from OSSE's Cost Modeling

OSSE's 2023 Cost Model finds that:

- Both child development homes and child development centers may operate at a loss if they only care for children receiving child care subsidies.
- Center-based providers that charge tuition rates at or above the 75th percentile of market rates likely operate at a profit —and, for those with the highest tuition rates, a potentially significant one.
- Homes and expanded homes receiving revenues through tuition at the 50th and 75th percentiles are estimated to operate above the profit margin.
- Child development centers and homes charge more to care for infants than toddlers and more for toddlers than preschoolers, but the differences in tuition are smaller than the differences in costs estimated by the cost modeling tool— suggesting that facilities earn relatively higher margins on care provided to preschoolers and use these funds to offset higher costs of infant and toddler care.

Promising factors for equity adjustment

Drawing on data from PEF implementation to date, what the cost modeling tells us, and input from stakeholders thus far, we have identified an initial subset of factors that may serve to more efficiently and equitably allocate dollars.

In some cases, these factors need to be further defined and/or we need more or better data to effectively model the impact.

Our goal is to adjust the formula by enhancing the base and equity adjustments such that facilities receive enough funding to cover minimum salaries without needing to maintain the FY24 adjustment as a separate formula component, while also reducing the number of facilities that are receiving more than they need to meet minimum salaries.

What reactions and questions do you have, as we consider further exploration of these factors, summarized on the next slide?

Potential adjustments to better target need

Children served	Service hours	Revenue sources
• Proportion of enrollment receiving subsidy *(current factor is proportion of capacity)* • Proportion of enrollment that is infant and toddler	*PLUS factors* • >14 hrs/day (++) • 11-14 hrs/day (+) *MINUS factors* • <8 hours/day • <10 months/year	Tuition • 25th to 75th percentile *(plus factor)* • Top decile *(minus factor)* Employer sponsored* Private equity/publicly traded*

- **What are your preliminary reactions to these options? What resonates? Concerns you?**
- **Does anything important appear to be missing?**
- **What else does the Task Force need to know to consider these options as part of a revised formula?**

*Requires additional research and clarification of options, pros, cons

Next Steps

- Potential TF retreat in July or August: Survey coming
- Scheduled Task Force meeting dates (6-8 p.m.)

2024	
July 2	Oct. 1
Aug. 6	Nov. 5
Sept. 3	Dec. 3

2025
Jan. 6
Feb. 3

- Public comments welcome at ececompensation@gmail.com
- Meeting materials will be posted on OSSE's website: osse.dc.gov/page/early-childhood-educator-equitable-compensation-task-force
- We will continue to update the Research and Background Materials folder